



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 04-24, Michigan Cities Income Tax Withholding

Date: July 30, 2004

To: Holders of TAXES (State of Michigan only)  
Personnel User Groups  
T&A Contact Points in Michigan

Beginning with wages paid for Pay Period 15, the National Finance Center (NFC) will make the following changes to Michigan cities income tax withholdings:

- The nontaxable Thrift Savings Plan contributions will be tax deferred for city tax purposes for all cities in Michigan.
- The maximum annual tax rate for the withholding of city income tax for Detroit, Michigan, will change. The maximum annual tax rate will decrease for residents from 2.55 percent to 2.45 percent and for nonresidents from 1.275 percent to 1.225 percent.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to the NFC Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by “▶◀”.

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at [customer.support@usda.gov](mailto:customer.support@usda.gov).

*for* RANDOLPH H. GONZALES, Acting Director  
Government Employees Services Division

# Michigan Cities Income Tax Information

## Withholding Formula ►(Effective Pay Period 15, 2004)◄

1. ► Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.◄
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment from the amount computed in step 1 to obtain the adjusted gross biweekly wages.
3. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
4. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to obtain the taxable income.

Exemption Allowance = \$<sup>1</sup> x Number of Exemptions

<sup>1</sup>	\$ 600 –	Flint, Lansing, and Pontiac
	\$ 750 –	Detroit
	\$ 1,000 –	Grand Rapids
	\$ 1,000 –	Saginaw
	\$ 1,500 –	Battle Creek

5. Apply the taxable income to the following guideline to calculate the Michigan city income tax withholding.

### Compute the City Income Tax Withholding For:

### By Multiplying the Taxable Income By:

	State/City Code:	Resident Percentage	Nonresident Percentage	City Tax Status (Duty Station=DS Residence=R)
Battle Creek	26/0310	1.0	0.50	DS, R
Detroit	26/1260	► 2.45	1.225 ◄	DS, R
Flint	26/1730	1.0	0.50	DS, R
Grand Rapids	26/2010	1.3	0.65	DS, R
Lansing	26/2700	1.0	0.50	DS, R
Pontiac	26/4020	1.0	0.50	DS, R
Saginaw	26/4350	1.5	0.75	DS, R

**Note:** City tax is mandatory unless otherwise stated.

6. Divide the annual Michigan city income tax withholding by 26 to obtain the biweekly Michigan city income tax withholding.